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9 **HAMANAKA PAINTING CO., INC.**

10
11 **UNITED STATES BANKRUPTCY COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN FRANCISCO DIVISION**

14 In re:

15 PG&E CORPORATION

16 -and-

17 PACIFIC GAS & ELECTRIC
18 COMPANY,

19 Debtors

Case Nos. 19-30088 (DM)

19-.0089 (DM)

Chapter 11

(Jointly Administered)

20 ☐ Affects PG&E Corporation

21 ☐ Affects Pacific Gas and Electric
22 Company

23 ☒ Affects both Debtors

24 **All papers shall be filed in the Lead Case,*
25 *No. 19-30088(DM)*

NOTICE PURSUANT TO 11 U.S.C. §
546(b)(2) RELATED TO PERFECTION,
MAINTENANCE AND ENFORCEMENT OF
MECHANICS LIEN CLAIMS

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1 HAMANAKA PAINTING CO., INC. ("HAMANAKA"), by and through its undersigned
2 counsel, hereby (i) provides notice pursuant to 11 U.S.C. § 546(b)(2) of mechanics liens,
3 corresponding to secured claims, and enforcement rights it holds against property of one or both
4 of PG&E CORPORATION and PACIFIC GAS & ELECTRIC COMPANY (collectively
5 "Debtors"); and (ii) reserves all related and other rights claims and interests it may have in the
6 subject Chapter 11 cases. In support hereof, HAMANAKA states as follows:

7 **Section 546(b)(2) Notice**

8 1. HAMANAKA is a California corporation authorized to do business under the laws
9 of the State of California, and duly licensed by the Contractors' State License Board to operate as
10 contracted for, and holding a class B general building contractor, C33 painting and decorating,
11 and C32 parking and highway improvement license under license number 667475.

12 2. In accordance with a subcontract agreement ("Subcontract #1") dated on or about
13 July 31, 2018, between HAMANAKA and Gowan Construction ("Gowan"), HAMANAKA
14 agreed to furnish labor, services, equipment and material in connection with works of
15 improvement to certain real property located at 2755 Rohnerville Road, Fortuna, CA 95541, in
16 the County of Humboldt ("Fortuna Property"). A true and correct copy of Subcontract #1 is
17 attached hereto as ***Exhibit 1***. Further work was performed at the Fortuna Property pursuant to a
18 change order. A true and correct copy of the email exchange and attachments memorializing this
19 change order is attached hereto as ***Exhibit 2***. The works of improvement were performed under
20 contract and/or at the special request and instance of one or more of the Debtors and with their
21 actual or constructive knowledge. One or more of the Debtors holds or claims an ownership
22 interest in the Fortuna Property.

23 3. On or about August 3, 2018, HAMANAKA served a California Preliminary 20-
24 Day Notice ("Preliminary Notice") on Debtors. Attached hereto as ***Exhibit 3*** is a true and correct
25 copy of the Preliminary Notice.

26 4. After performance under Subcontract #1, demand for payment and upon
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1 nonpayment for labor, materials, services and equipment furnished, and within the time required
2 by California law, HAMANAKA recorded a verified claim of mechanics lien in the office of the
3 County Recorder of Humboldt. At the time of recording the verified claim of mechanics lien, the
4 principal amount remaining due, owing and unpaid for its work on the Fortuna Property was
5 \$11,054.35, excluding interest, and the cost of verifying and recording the mechanics lien claim.
6 Attached hereto as **Exhibit 4** is a true and correct copy of HAMANAKA's mechanics lien,
7 recorded on or about January 24, 2019, with the Humboldt County Recorder's Office. Due to an
8 unintended error in the amount claimed due on the originally filed mechanics lien (originally
9 recorded as \$11,054,358.00 owed), HAMANAKA filed a partial release of mechanics lien
10 ("Partial Release") on or about March 29, 2019. The Partial Release corrects the amount due and
11 reflects partial payment received by HAMANAKA. A true and correct copy of the Partial
12 Release is attached hereto as **Exhibit 5**.

13 5. In accordance with a proposal and contract ("PC #1") dated on or about December
14 18, 2018, between HAMANAKA and Gowan, HAMANAKA agreed to furnish labor, services,
15 equipment and material in connection with works of improvement to certain real property located
16 at 2905 Hubbard Lane, Eureka, CA 95501, in the County of Humboldt ("Hubbard Property"). A
17 true and correct copy of PC #1 is attached hereto as **Exhibit 6**. The works of improvement were
18 performed under contract and/or at the special request and instance of one or more of the Debtors
19 and with their actual or constructive knowledge. One or more of the Debtors holds or claims an
20 ownership interest in the Hubbard Property.

21 6. On or about January 18, 2019, HAMANAKA served a California Preliminary 20-
22 Day Notice ("Preliminary Notice") on the owner or reputed owner of the Hubbard Property.
23 Attached hereto as **Exhibit 7** is a true and correct copy of the Preliminary Notice.

24 7. After performance under PC #1, demand for payment, and upon nonpayment for
25 labor, materials, services and equipment furnished, and within the time required by California
26 law, HAMANAKA recorded a verified claim of mechanics lien in the office of the County
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1 Recorder of Humboldt. At the time of recording the verified claim of mechanics lien, the
2 principal amount remaining due, owing and unpaid for its work on the Hubbard Property was
3 \$6,974.42, excluding interest, and the cost of verifying and recording the mechanics lien claim.
4 Attached hereto as **Exhibit 8** is a true and correct copy of HAMANAKA's mechanics lien,
5 recorded on or about January 25, 2019, with the Humboldt County Recorder's Office.

6 8. In accordance with a subcontract agreement ("Subcontract #2") dated on or about
7 April 11, 2018, between HAMANAKA and Gowan, HAMANAKA agreed to furnish labor,
8 services, equipment and material in connection with works of improvement to certain real
9 property located at 24200 Windy Hollow Road, Point Arena, CA 95468, in the County of
10 Mendocino ("Point Arena Property"). A true and correct copy of Subcontract #2 is attached
11 hereto as **Exhibit 9**. The works of improvement were performed under contract and/or at the
12 special request and instance of one or more of the Debtors and with their actual or constructive
13 knowledge. One or more of the Debtors holds or claims an ownership interest in the Point Arena
14 Property.

15 9. On or about April 27, 2018, HAMANAKA served a California Preliminary 20-
16 Day Notice ("Preliminary Notice") on Debtors. Attached hereto as **Exhibit 10** is a true and
17 correct copy of the Preliminary Notice.

18 10. After performance under Subcontract #2, demand for payment, and upon
19 nonpayment for labor, materials, services and equipment furnished, and within the time required
20 by California law, HAMANAKA recorded a verified claim of mechanics lien in the office of the
21 County Recorder of Mendocino. At the time of recording the verified claim of mechanics lien,
22 the principal amount remaining due, owing and unpaid for its work on the Point Arena Property
23 was \$7,713.26, excluding interest, and the cost of verifying and recording the mechanics lien
24 claim. Attached hereto as **Exhibit 11** is a true and correct copy of HAMANAKA's mechanics
25 lien, recorded on or about January 23, 2019, with the Mendocino County Recorder's Office. An
26 official recorded mechanics lien had not been received by HAMANAKA as of the filing of this
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1 Notice, however, the official recorded copy will be available once HAMANAKA has received it
2 back from the Mendocino County Recorder's Office.

3 11. In accordance with a subcontract agreement ("Subcontract #3") dated on or about
4 January 24, 2018, between HAMANAKA and Gowan, HAMANAKA agreed to furnish labor,
5 services, equipment and material in connection with works of improvement to certain real
6 property located at 2641 N State Street Ukiah, CA 95482 in the County of Mendocino ("Ukiah
7 Property"). A true and correct copy of Subcontract #3 is attached hereto as **Exhibit 12**. The
8 works of improvement were performed under contract and/or at the special request and instance
9 of one or more of the Debtors and with their actual or constructive knowledge. One or more of
10 the Debtors holds or claims an ownership interest in the Ukiah Property.

11 12. On or about April 27, 2018, HAMANAKA served a California Preliminary 20-
12 Day Notice ("Preliminary Notice") on Debtors. Attached hereto as **Exhibit 13** is a true and
13 correct copy of the Preliminary Notice.

14 13. After performance under Subcontract #3, demand for payment, and upon
15 nonpayment for labor, materials, services and equipment furnished, and within the time required
16 by California law, HAMANAKA recorded a verified claim of mechanics lien in the office of the
17 County Recorder of Mendocino. At the time of recording the verified claim of mechanics lien,
18 the principal amount remaining due, owing and unpaid for its work on the Ukiah Property was
19 \$3,330.00, excluding interest, and the cost of verifying and recording the mechanics lien claim.
20 Attached hereto as **Exhibit 14** is a true and correct copy of HAMANAKA's mechanics lien,
21 recorded on or about January 23, 2019, with the Mendocino County Recorder's Office. An
22 official recorded mechanics lien had not been received by HAMANAKA as of the filing of this
23 Notice, however, the official recorded copy will be available once HAMANAKA has received it
24 back from the Mendocino County Recorder's Office.

25 14. In accordance with a proposal and contract (PC #2) dated on or about February
26 20, 2018, between HAMANAKA and Gowan, HAMANAKA agreed to furnish labor, services,
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1 equipment and material in connection with works of improvement to certain real property located
2 at 2475 Myrtle Avenue, Eureka, CA 95501, in the County of Humboldt (“Eureka Property”). A
3 true and correct copy of PC #2 is attached hereto as **Exhibit 15**. The works of improvement were
4 performed under contract and/or at the special request and instance of one or more of the Debtors
5 and with their actual or constructive knowledge. One or more of the Debtors holds or claims an
6 ownership interest in the Eureka Property.

7 15. After performance under PC #2, demand for payment, and upon nonpayment for
8 labor, materials, services and equipment furnished, and within the time required by California
9 law, HAMANAKA recorded a verified claim of mechanics lien in the office of the County
10 Recorder of Humboldt. At the time of recording the verified claim of mechanics lien, the
11 principal amount remaining due, owing and unpaid for its work on the Eureka Property was
12 \$1,934.29, excluding interest, and the cost of verifying and recording the mechanics lien claim.
13 Attached hereto as **Exhibit 16** is a true and correct copy of HAMANAKA’s mechanics lien,
14 recorded on or about January 24, 2019, with the Humboldt County Recorder’s Office.

15 16. In total, and prior to the January 29, 2019 petition date (“Petition Date”), the
16 aggregate amount owed to HAMANAKA for the labor, services, equipment and material
17 furnished in connection with the works of improvement described above was at least \$31,006.32,
18 exclusive of accruing interest and other charges, with additional amounts owing and accruing
19 after the Petition Date (collectively, “Indebtedness”). To the date of filing of this Notice,
20 \$22,574.27 of the Indebtedness remains outstanding and owed to HAMANAKA.

21 17. Under California Civil Code § 8460(a), a claimant is ordinarily required to
22 commence an action to enforce a mechanics lien “within 90 days after recordation of the claim of
23 lien.” However, at present, HAMANAKA is prevented from commencing appropriate actions to
24 enforce its mechanics liens in Humboldt and Mendocino Counties (“Actions”) as a result of the
25 institution of the subject Chapter 11 cases and the application of the automatic stay of 11 U.S.C.
26 § 362(a) (“Automatic Stay”).
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18. Section 546(b)(2) of the Bankruptcy Code provides in pertinent part that when applicable law requires commencement of an action to perfect, or to maintain or continue the perfection of, an interest in property and an action has not been commenced prior to the petition date, then such perfection, or maintenance or continuation of perfection, may be accomplished by a claimant instead “giving notice within the time fixed by such law” for commencement of such action.

19. Accordingly, HAMANAKA hereby provides notice that (a) it is the holder of the verified and recorded mechanics liens, as described above, and corresponding Secured Claims to the Eureka, Fortuna, Hubbard, Point Arena, and Ukiah Properties under California law; (b) but for the Automatic Stay it would have timely commenced appropriate Actions pursuant to California law in Humboldt and Mendocino Counties to enforce such mechanics liens and Secured Claims; and (c) it intends in all respects to fully perfect, maintain, preserve and continue the perfection of its mechanics liens on the Eureka, Fortuna, Hubbard, Point Arena, and Ukiah Properties and to enforce and realize upon its corresponding Secured Claims in accordance with the requirements of California State law, 11 U.S.C. §§ 362(a), 362(b)(3) and 546(b)(2), and any other applicable law. Without limiting the generality of the foregoing, this notice constitutes the legal equivalent of having filed mechanics liens in the Records Offices of Humboldt and Mendocino Counties for the pertinent works of improvement and respective amounts of Indebtedness, and then having commenced Actions to enforce and foreclose such mechanics liens in the proper courts.

Reservation of Rights

20. In the interests of economy and efficiency, HAMANAKA has filed this single Notice in the above-captioned Chapter 11 cases intending and expecting it to apply or pertain separately and individually to (a) the continued perfection of each one of the subject mechanics liens; (b) the Actions that otherwise would have been commenced by HAMANAKA in accordance with California State law to maintain, enforce and realize upon its corresponding

1 Secured Claims; (c) HAMANAKA's exercise of any other rights under or satisfaction of any
2 other requirements of 11 U.S.C. § 546(b)(2) in the circumstances.

3 21. HAMANAKA reserves the right to supplement, amend or otherwise alter this
4 Notice from time to time as may be necessary or appropriate to conform to, or to adapt to
5 changes in, facts or law, determinations yet to be made in the subject Chapter 11 cases or in other
6 proceedings, or otherwise to further the purposes of filing this Notice. Without limiting the
7 generality of the foregoing, HAMANAKA reserves the right if deemed necessary or appropriate
8 to subdivide this Notice into several notices under Section 546(b)(2) based upon each of the
9 mechanics liens and potential Actions thereon, to include specific or additional pre-petition or
10 post-petition amounts, and to state a total amount of the Indebtedness or any component thereof
11 that would be owed by a Debtor upon the effective date of any plan of reorganization or
12 liquidation, the date of any distribution or payment with respect to HAMANAKA's Secured
13 Claims or any other appropriate date(s).

14 22. HAMANAKA reserves the right to request modification of the Automatic Stay,
15 determinations with respect to the validity, priority or extent of its mechanics liens and Secured
16 Claims, and adequate protection of, or any other relief in relation to its mechanics liens and
17 Secured Claims.

18 23. HAMANAKA reserves the right to assert against either of the Debtors any and all
19 claims and interests that are not encompassed by the mechanics liens and Secured Claims,
20 including additional secured claims, administrative-priority claims or other claims that may have
21 arisen before or after the Petition Date. Also, HAMANAKA reserves any rights, claims, actions,
22 setoffs, or recoupments to which it is or may be entitled under contract or otherwise in law or
23 equity with respect to either of the Debtors or their respective assets in the subject cases. In
24 addition, HAMANAKA reserves any and all rights, claims, actions, and remedies it has or may
25 have with respect to all entities other than Debtors, and nothing herein shall be considered an
26 election not to pursue remedies against such entities.

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1 Dated: April 12, 2019

PORTER LAW GROUP, INC.

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By: /s/ Hannah C. Kreuser
Hannah C. Kreuser, Esq.
Attorneys for HAMANAKA PAINTING CO.,
INC.

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